

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-108-C - ORDER NO. 2009-
JULY ____, 2009

IN RE: Application of Long Distance Consolidated)	ORDER GRANTING
Billing Co. for a Certificate of Public)	CERTIFICATE OF
Convenience and Necessity to Provide Resold)	PUBLIC CONVENIENCE
Interexchange Telecommunications Services)	AND NECESSITY
and Alternative Regulation)	

This matter comes before the Public Service Commission of South Carolina ("Commission") by way of the Application of Long Distance Consolidated Billing Company ("Long Distance" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold interexchange telecommunications services within the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 and the rules and regulations of the Commission. By its Application, Long Distance also requests alternative regulation of its business interexchange services consistent with Commission Orders, and waiver of certain Commission regulations.

The Commission's Docketing Department instructed Long Distance to publish, one time, a Notice of Filing in newspapers of general circulation in the areas of the state affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the Application of Long Distance and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Long Distance complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

Subsequently, a hearing was convened on June 8, 2009, at 10:00 a.m. in the offices of the Commission in Columbia, South Carolina, before F. David Butler, Hearing Examiner. Long Distance was represented by Scott Elliott, Esquire. The Office of Regulatory Staff ("ORS") was represented by Lessie Hammonds, Esquire.

At the outset of the hearing, the parties introduced a settlement agreement into the record as Exhibit 1. William VanderPloeg, testified in support of the Company's Application. The record reveals that Long Distance is a corporation organized under the laws of the State of Michigan and duly authorized to transact business in South Carolina. According to William VanderPloeg, the Company seeks authority as a reseller of interexchange services. Mr. VanderPloeg explained the Company's request for authority, and the record further reveals the Company's services, operations, and marketing procedures. The Company intends to market interexchange services. Mr. VanderPloeg also discussed Long Distance's technical, financial, and managerial resources to provide the services for which it seeks authority.

With regard to technical, financial, and managerial capabilities, the Company's Application and Mr. VanderPloeg's testimony both evidence that Long Distance's management has extensive experience in telecommunications, technical and business disciplines. Mr. VanderPloeg also testified that Long Distance will operate in accordance with Commission rules, regulations, guidelines, and Commission Orders. Mr. VanderPloeg offered that approval of Long Distance's Application would serve the public interest.

The Applicant requests waivers of certain Commission rules and regulations. The Company has requested waiver of the requirement that it publish and distribute a local telephone directory under Regulation 103-631. Further, the Applicant requests a waiver of the requirement that it maintain its books and records within the State of South Carolina as required by Regulation 103-610. The

Company asserts that it will keep its books and records at its principal place of business and will make its books and records available for inspection by the staff as requested. Since the Applicant's local exchange calling areas will mirror the service areas of the incumbent local exchange carriers, the Company requests a waiver of any map filing requirements of 26 SC Code Ann. Reg. 103-612.2.3.

After consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Long Distance is organized under the laws of the State of Michigan as a Limited Liability Company and is authorized to do business in South Carolina by the Secretary of State.

2. Long Distance desires to operate as a provider of resold interexchange services in South Carolina.

3. Long Distance possesses the managerial, technical, and financial experience and capability to operate as a provider, through resale, of interexchange services in South Carolina.

4. The issuance of a Certificate of Public Convenience and Necessity to Long Distance to operate as a reseller of interexchange services in South Carolina would be in the best interest of the citizens of South Carolina by providing more innovative services.

5. The Company has the managerial, technical, and financial resources to provide the services as described in its Application.

6. We find that the waivers as requested by Long Distance that it (1) not be required to publish and distribute a local telephone directory, (2) not be required to publish a map of its service territory, (3) be allowed to maintain its books and records at its principal place of business rather than within South Carolina, and (4) be allowed to keep its books and financial records in accordance with Generally Accepted Accounting Principles should be granted. We find that compliance with these

requirements by the Commission would present unusual difficulty for Long Distance. Further, we find that the waiver of these requirements will not create any hardship to the public or adversely affect the public interest.

7. The Settlement Agreement between ORS and Long Distance is approved.

CONCLUSIONS OF LAW

1. The Commission concludes that Long Distance possesses the managerial, technical, and financial resources to provide the telecommunications services as described in its Application.
2. The Commission concludes that the issuance of the authority to provide intrastate interexchange telecommunications services as requested by Long Distance and as set forth in its Application and Mr. VanderPloeg's testimony is in the best interests of the citizens of the State of South Carolina.
3. The Commission concludes that a Certificate of Public Convenience and Necessity should be granted to Long Distance to provide resold intrastate interexchange telecommunications services.
4. The Commission adopts a rate design for Long Distance for its residential interexchange services, if any, which include maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. *In Re: Application of GTE Sprint Communications Corporation, etc.*. Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).
5. Long Distance shall not adjust its residential interexchange rates for end-users, if any, below the approved maximum level without notice to the Commission and to the public. Long Distance shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice

requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. *In Re: Application of GTE Sprint Communications, etc.*, Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540.

6. The Commission concludes that Long Distance's intrastate interexchange business telecommunications services shall be regulated in accordance with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Commission has previously granted this "alternative regulation" to competitive intrastate interexchange carriers operating within South Carolina, and the Commission concludes that the competitive marketplace requires the Commission to allow this flexible regulation to those carriers which request it. Specifically, the Commission-approved alternative regulation allows business service offerings, including consumer card services and operator services, to be subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under

this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission.

7. The Commission concludes that Long Distance's request for waiver of 26 S.C. Code Ann. Regs. 103-610 should be granted as strict compliance with the regulation would potentially cause undue hardship on that Company. The waiver is not contrary to the public interest.

8. The Commission concludes that the waivers as requested by Long Distance that it (1) not be required to publish and distribute a local telephone directory, (2) not be required to publish a map of its service territory, and (3) be allowed to maintain its books and records at its principal place of business rather than within South Carolina will not adversely impact the public interest in South Carolina, and therefore we conclude that the requested waivers should be granted.

9. The Settlement Agreement between the ORS and Long Distance is approved.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED THAT:

1. A Certificate of Public Convenience and Necessity should be granted to Long Distance to provide intrastate interexchange services through the resale of services authorized for resale by tariffs of carriers approved by the Commission within the State of South Carolina.

2. The Company's rate designs for its products shall conform to those designs described in Conclusions of Law above.

3. If it has not already done so by the date of issuance of this Order, Long Distance shall file its revised tariff utilizing the Commission's e-filing system for tariffs. The revised tariff should be electronically filed in a text searchable PDF format using the Commission's DMS System (<http://dms.psc.sc.gov>). An additional copy should be sent via email to etariff@psc.sc.gov to be included in the Commission's ETariff System (<http://etariff.psc.sc.gov>). Future revisions to the tariff

should be made using the ETariff System. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

4. The Company's service is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

5. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

6. Long Distance shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Long Distance changes underlying carriers, it shall notify the Commission in writing.

7. With regard to the origination and termination of toll calls within the same LATA, Long Distance shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the FCC pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, Long Distance shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

8. Long Distance shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of information on its South Carolina operations. Therefore, Long Distance shall keep financial records on an state basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website or at the ORS's website at www.regulatorystaff.sc.gov. The title of this form is "Telecommunications Company Annual Report." This form shall be utilized by the Company to file

annual financial information with the Commission and ORS and shall be filed no later than **April 1st**.

Commission gross receipts forms are due to be filed no later than August 31" of each year. The proper form and instructions for filing gross receipts information can be found at the ORS website at www.regulatorystaff.sc.gov, and the appropriate form is entitled "Gross Receipts Form."

Each telecommunications company certified in South Carolina is required to file annually with the ORS the South Carolina Universal Service Fund ("USF") Contribution Worksheet. The Worksheet and Instructions are located on the ORS's website at www.regulatorystaff.sc.gov. This worksheet provides ORS information required to determine each telecommunications company's liability to the State USF fund. The State USF worksheet is due to be filed annually no later than **July 1st**.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests, and repairs. In addition, the Company shall provide to the Commission and ORS in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. Long Distance shall file the names, addresses, and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the ORS website at www.regulatorystaff.sc.gov; this form shall be utilized for the provision of this information to the Commission and ORS. Further, the Company shall promptly notify the Commission and ORS in writing if the representatives are replaced.

10. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission. For good cause shown, Long Distance is granted a waiver and is hereby authorized to keep its books and financial records in accordance with

Generally Accepted Accounting Principles rather than the Uniform System of Accounts method.

11. For good cause shown, Long Distance is granted a waiver of the requirements that the Company publish and distribute a local directory as required by 26 S.C. Code Ann. Reg. 103-631.

12. For good cause shown, Long Distance is granted a waiver of the requirement that it publish a map of its service territory as required by 26 SC Code Ann. Regs. 103-612.2.3.

13. For good cause shown, Long Distance is granted a waiver of the requirement that it maintain its books and records in South Carolina as required under 26 S.C. Ann. Regs. 103-610. However, as a condition of being granted a waiver of the requirement to maintain corporate books and records within the State of South Carolina, Long Distance is authorized to maintain its books and records at its principal place of business, and Long Distance shall make such books and records available, at the Company's expense, to the Commission staff or employees upon request.

14. The Settlement Agreement between ORS and Long Distance is hereby approved.

15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

Elizabeth. Fleming, Chairman

ATTEST:

John/E. Howard, Vice Chairman (SEAL)